

Message Text

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C O N F I D E N T I A L STATE 204237

E.O. 11652:GDS

TAGS: ETRN, EAIR, EEWT, UR, SW

SUBJECT: ELECTRONORGTEKHNKA CHAIRMAN KISLENKO'S MEETING
WITH BEWT-DEPUTY DIRECTOR STROH

REF: A) LONDON 10356; 3) STOCKHOLM 4198

SU;MARY; AFTER SOME CONFUSION ABOUT APPOINTMENT WITH
DEPUTY DIRECTOR STROH, KISLEHKO CAME TO BEWT ON AUGUST 1'
REPEAT AUGUST 19 FOR DISCUSSIONS ON THE INTOURIST COMPUTER
LICENSE AND THE ATC SYSTEM CONTRACT. 0EWT TOLD KISLENKO THAT
PROCESSING OF THE INTOURIST APPLICATION WAS RECEIVING THE
"HIGHEST PRIORITY". KISLENKO FOR HIS PART INDICATED THAT
THE ATC WOULD MOST PROBABLY 0E CONCLUDED WITH STANSAAB
(REF. A). DUE TO STRONG POSSIBILITY OF STANSAAB RECEIVING
ATC CONTRACT, EXPORT ADMINISTRATION HAS ALERTED POSSIBLE
AMERICAN SUPPLIERS FOR SOVIET/STANSAAB ATC SYSTEM ABOUT
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NEED TO 00TAIN LICENSES FROM COMMERCE FOR ATC RELATED
EXPORTS TO SWEDEN.(NOTE-CABLE DRAFTED PRIOR TO RECEIPT
REF B)

1. ON AUGUST 19 ELECTRONORGTEKHNKA CHAIRMAN, KISLENKO,

AND DEPUTY TRADE REPRESENTATIVE ALEKSEEV MET WITH DEPUTY DIRECTOR STROH AND OTHER MEMBERS OF BEWT. THIS MEETING OCCURRED ONLY AFTER BEWT, THROUGH SEVERAL CALLS TO U.S.S.R. TRADE REPRESENTATION, ATTEMPTED TO CONFIRM KISLENKO'S APPOINTMENT WITH STROH. ORIGINALLY IBM REQUESTED THAT BEWT MEET WITH KISLENKO FOR DISCUSSION OF THE INTOURIST COMPUTER LICENSE. FOR UNKNOWN REASONS, HOWEVER, IBM CANCELLED KISLENKO'S APPOINTMENT; BUT NOT BEFORE MEETING DOWNNEY AND SOVIET TRADE REPRESENTATIVE MKRTUMOV, IN WHICH DOWNNEY QUESTIONED MKRTUMOV ON ATC CONTRACT AND MKRTUMOV ANSWERED THAT KISLENKO WOULD ANSWER ALL OF BEWT'S QUESTIONS. ON AUGUST 18 TRADE REPRESENTATION SAID MR. KISLENKO HAD NO TIME TO MEET WITH BEWT AND DID NOT RECALL THAT MKRTUMOV HAD PROMISED ANSWERS FROM KISLENKO ON THE ATC CONTRACT. BEWT FOLLOWED UP BY MAKING SEVERAL MORE CALLS TO THE TRADE REPRESENTATION IN EFFORT TO ARRANGE MEETING WITH NO APPARENT SUCCESS UNTIL ON TUESDAY WITH ONLY FOUR HOURS NOTICE KISLENKO MET WITH STROH.

2. KISLENKO STARTED THE ONE HOUR AND 15 MINUTE MEETING BY STATING HE WAS IN THE UNITED STATES AT INVITATION OF CONTROL DATA CORPORATION TO CONSULT WITH THEM ABOUT THE LARGE COMPUTER CONTRACT FOR A HYDROMETEOROLOGICAL COMPLEX IN MOSCOW. HE QUICKLY CHANGED HIS CONVERSATION INTO GENERAL TERMS AND RECOUNTED THE PROBLEMS OF U.S. COMPANIES FULFILLING THEIR CONTRACTS WITH ELEKTRONORGTEKHNIKA BECAUSE OF DELAYS IN EXPORT LICENSES. LICENSING JUDGMENTS SHOULD, IN HIS VIEWS BE REACHED BY THE TIME CONTRACTS WERE SIGNED.

3. BOTH KISLENKO AND ALEKSEEV ASKED ABOUT THE STATUS OF THE INTOURIST COMPUTER CASE, SPECIFICALLY COMMENTING THAT THE COMPUTER WAS SORELY NEEDED BY INTOURIST FOR THE 1980 OLYMPIC GAMES. A QUICK YES OR NO ANSWER ON AN EXPORT LICENSE WAS WHAT KISLENKO AND ALEKSEEV WANTED FROM EXPORT ADMINISTRATION SO THAT IF U.S. COMPANIES COULD NOT SATISFY THEIR CONTRACTS BECAUSE OF U.S. EXPORT LICENSE DENIALS THE U.S.S.R. COULD GEAR UP ITS INTERNAL RESOURCES TO MEET CONFIDENTIAL

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SOVIET NEEDS.

4. RAUER MEYER, DIRECTOR OF EXPORT ADMINISTRATION, COUNTERED THE SOVIET GRIEVANCES BY SAYING: (1) EVEN THOUGH U.S. COMPANIES SIGN CONTRACT TO SUPPLY A COMPUTER, MANY TIMES IMPORTANT DETAILED SPECIFICATIONS OF THE COMPUTER SYSTEM ARE NOT DEVELOPED AND MADE KNOWN TO EXPORT ADMINISTRATION, UNTIL LATER, THUS PRECLUDING SUBSTANTIVE CONSIDERATION OF THE TRANSACTION CONCURRENTLY WITH THE CONTRACT NEGOTIATIONS AND AGREEMENT; AND (2) ELEKTRONORGTEKHNIKA HAS REQUESTED PROGRESSIVELY LARGER AND MORE POWERFUL COMPUTERS (E.G. INTOURIST IS A BIGGER SYSTEM THAN KAMA AND HYDROMET WILL BE A BIGGER SYSTEM THAN INTOURIST) THUS

NECESSITATING GREATER AND MORE DETAILED CONSIDERATION ON EXPORT ADMINISTRATION'S PART. NONETHELESS EXPORT ADMINISTRATION HAS PLACED THE "HIGHEST PRIORITY" ON THE INTOURIST CASE. PUSHED FOR AN ESTIMATE, MEYER GAVE A TENTATIVE DATE OF LATE FALL AS A TIME WHEN A USG POSITION ON THE INTOURIST CASE MIGHT REPEAT MIGHT BE MADE. COCOM CLEARANCE WOULD STILL BE REQUIRED IF USG FAVORED APPROVAL.

5. STROH INQUIRED ABOUT THE ATC SYSTEM AND KISLENKO SAID THAT SPERRY-UNIVAC HAD LOST CONSIDERATION FOR THE ATC CONTRACT BECAUSE OF ITS DIFFERENT TECHNICAL CONCEPTION AND ITS GREATER COST (REF.A). KISLENKO REPORTED THAT THE FTO HAD LOBBIED WITH THE MINISTRY OF CIVIL AVIATION TO PURCHASE THE SPERRY SYSTEM, BUT MCA DECIDED AGAINST FTO RECOMMENDATION.

6. WHEN QUESTIONED ABOUT THE SOPHISTICATION AND PRICE OF THE STANSAA0 ATC SYSTEM AS COMPARED TO THE SPERRY-UNIVAC SYSTEM KISLENKO CHOSE NOT TO TALK SPECIFICALLY ABOUT STANSAA0 BUT SAID EUROPEAN OFFERS WERE ONLY HALF THE COST OF THE SPERRY-UNIVAC OFFER, BUT HE GAVE LITTLE INDICATION AS TO THE RANGE OF EQUIPMENT THE SWEDES WOULD PROVIDE THE SOVIETS.

7. IN ANSWER TO A QUESTION ABOUT THE SOVIETS SELECTING AN UNTRIED SWEDISH ATC SYSTEM OVER THE AIL PROPOSAL, KISLENKO STATED THAT THE STANSAA0 SYSTEM HAS BEEN PROVEN IN SWEDEN AND THAT THE TECHNICAL EXPERTS OF MCA AND AEROFLOT WHO

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HAD SEEN THE SYSTEM IN OPERATION PREFERRED STANSAA0'S "CONCEPTION" OVER AIL'S "CONCEPTION" OF ATC SYSTEM. IN FURTHER QUESTIONING KISLENKO SAID NO PROBLEM TO STANSAA0'S PROCUREMENT OF RADAR AND OTHER EQUIPMENT FROM U.S. SUPPLIERS TO COMPLETE THE SOVIET ATC SYSTEM. HIS REASONING WAS BASED ON THE FACT THAT A LICENSE HAD ALREADY BEEN GRANTED TO SPERRY-UNIVAC BY EXPORT ADMINISTRATION, THUS KISLENKO FELT THERE SHOULD BE NO PROBLEMS FOR STANSAA0.

8. ALTHOUGH NOT BROUGHT UP AT THE KISLENKO MEETING, EXPORT ADMINISTRATION HAS ALERTED WESTINGHOUSE, RAYTHEON, TEXAS INSTRUMENTS, AND DORRHOUGH'S THAT ANY OF THEIR CONTRIBUTIONS TO THE SOVIET/STANSAA0 ATC SYSTEM WOULD REQUIRE PRIOR APPROVAL OF THE DEPARTMENT OF COMMERCE. THE COMPANIES HAVE BEEN ASKED TO KEEP COMMERCE INFORMED AS TO ANY STANSAA0 INTEREST IN ACQUIRING U.S. COMPONENTS FOR ANY ATC SYSTEM. RAYTHEON HAS INDICATED THAT THERE HAS BEEN NO SUCH CONTACT TO DATE WHILE TEXAS INSTRUMENTS HAS EXPRESSED ITS INTEREST TO COMMERCE IN SUBCONTRACTING FOR STANSAA0. THE OTHERS HAVE NOT YET REPORTED.

9. BEWT ASKED KISLENKO WHY THE MINISTRY OF CIVIL AVIATION

HAD NOT TOLD SPERRY-UNIVAC THAT IT WAS NO LONGER UNDER CONSIDERATION FOR THE ATC CONTRACT. KISLENKO ANSWERED THAT HE HAD INFORMALLY MENTIONED TO SPERRY-UNIVAC REPRESENTATIVES SEVERAL TIMES THE SOVIET DECISION TO SIGN

WITH A EUROPEAN FIRM. HE ADDED THAT AS ELECTRONORGTEKHNIKA CHAIRMAN HE COULD NOT FORMALLY TELL SPERRY-UNIVAC THE PROJECT WOULD GO TO A EUROPEAN FIRM SINCE THE ATC CONTRACT STILL HAS TO BE SIGNED. STROH MADE IT CLEAR THAT U.S. GOVERNMENT HAD COOPERATED ON THIS PROJECT INCLUDING FACILITIES OF EXPORT LICENSE; KISLENKO SAID THAT A U.S. EXPORT LICENSE DOES NOT GUARANTEE A SOVIET CONTRACT JUST AS A SOVIET CONTRACT DOES NOT ALWAYS RESULT IN A U.S. EXPORT LICENSE, OBVIOUSLY REFERRING TO THE ATC AND INTOURIST CASES.

10. BEWT U.S.S.R./TDAD WOULD APPRECIATE ANY ADDITIONAL INFORMATION OTHER THAN THAT CONTAINED IN REF A ON ESTIMATED COST AND TYPE OF EQUIPMENT STANSAAB WOULD PROVIDE TO CONFIDENTIAL

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SOVIETS. BEWT WILL TRANSMIT ANY SIGNIFICANT INFORMATION IT RECEIVES ABOUT STANSAAB'S REQUESTS FOR U.S. EQUIPMENT. INGERSOLL

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